

FISCAL NOTE

HB 3027 - SB 3110

February 10, 2004

SUMMARY OF BILL: Enacts the *Tennessee Agricultural Ethanol Production Act of 2004*, which would:

- encourage the production of fuel grade ethanol from Tennessee products for use in gasohol.
- provide an incentive payment of \$0.30 per gallon of ethanol produced according to the provisions of this act to each qualifying permittee.
- provide that such payments be made by the Department of Revenue from a one-time appropriation of \$6,000,000 from the revenues derived from state gasoline and gasohol taxes. A sum-sufficient to pay for the administrative costs of this act would also be provided through these taxes.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures -\$13,625

Other Fiscal Impact - There will be a one-time shift of \$6,013,625 from the proceeds of the gasoline tax to make payments to the companies identified in this legislation. This will result in a decrease in appropriations of \$91,407 to the general fund, \$2,858,276 to the highway fund, \$768,541 to the debt service fund and \$2,295,400 to local governments.

Estimate assumes:

- There would be a cost of \$13,625 associated with software modifications, and a new license and refund claim form necessary for the implementation of this bill.
- The decreases in state and local revenues are apportioned at the same percentages as the total revenue from gasoline tax collections in FY02-03.
- Payments from the gasoline tax will be limited to the \$6,000,000 plus a sum-sufficient for administrative expenses that are appropriated in accordance with the provisions of the bill.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director